

MASECO Institutional

An Overview



Who are we?



MASECO LLP (“MASECO”) is a wealth management firm specialising in the development and implementation of tax-efficient wealth management solutions and discretionary investment management services for US individuals, families, trusts and foundations.

The Managing Partners of the firm established a practice within one of the largest global Private Banks over a ten year period before establishing MASECO which trades as MASECO Private Wealth and MASECO Institutional.

MASECO LLP is authorised and regulated by the Financial Conduct Authority (FCA) in the United Kingdom and registered with the Securities Exchange Commission (SEC) in the United States of America.

MASECO Private Wealth is the intermediation arm of the business and provides wealth planning and discretionary fund management services for US individuals, families and trusts.

MASECO Institutional (MI) was set up to help Financial Advisers work with their US connected clients.

Specific targets

Due to the specialised nature of our offering, the clients we are able to help most effectively are typically:

US citizens residing in (but not limited to) the UK, particularly those who have been resident in the UK for more than seven years.

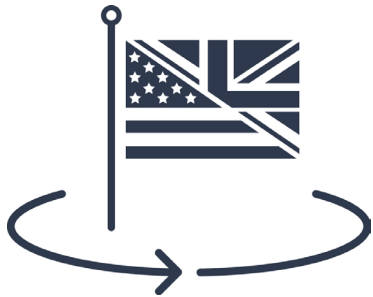
UK citizens planning to move to, or currently living in the US.

US citizens who are beneficiaries of offshore trusts.

Those marrying or divorcing, with dual nationalities.

US connected clients with minimum investible assets of \$250,000.

Challenges facing your US clients



US citizens living in the UK may face a number of complex challenges when it comes to allocating and investing their assets, from IRS and HMRC dual reporting requirements to conflicting tax considerations.

For more information, please refer to MASECO's Challenges facing US Clients Factsheet. Not fully understanding the implications of recent UK and US tax law changes on the investments of US clients may have quite considerable negative tax consequences for those clients. As a result, care needs to be taken when reviewing investment choices and making investment decisions.

Our solution



At MI we understand that clients' expectations for a more in-depth wealth management service can place greater demands on a Financial Adviser's time. For US clients, this can be particularly onerous due to the additional regulatory and tax issues to which clients are subject.

Despite the challenges facing US clients there are a number of ways in which the investment portfolios of US non-domiciliaries may be structured so that they are tax efficient and compliant from both a UK and a US tax position.

MI provides Financial Advisers with access to MASECO's global investment strategies and solutions that are designed to be both US and UK tax efficient and compliant. Our approach offers you – the Financial Adviser – the opportunity to outsource your clients' portfolio management requirements while at the same time allows you to retain the primary advice relationship. This will help free up your own time and enable you to concentrate on developing your client relationship. MI will have no direct contact with the client, unless requested, and will simply provide a discretionary investment management service.

MI discretionary management service

MI offers a high quality, tax-efficient discretionary investment management proposition.

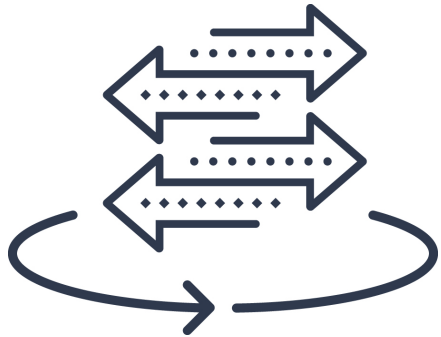
Investment Strategy

RationalPortfolios™, our evidence-based approach to investing is quite different, we believe, from other more well-known approaches. We look at academic evidence when structuring portfolios and build them based on the risk premiums that have been proven to exist in the market.

We hold a number of enduring convictions that form the basis of our investment philosophy informed by both practical evidence and investment theory. This guides the decisions we make on behalf of our clients:

- Structuring a robust and highly diversified portfolio that suits the needs of a specific client;
- Minimising costs of all kinds (both financial and emotional);
- Aligning the risk of the portfolio correctly.

Tax Efficient Investing



We believe that managing the tax/wealth equation is vital when working with US clients who often have two tax regimes to consider when making an investment decision.

Our goal is to effectively use the tax allowances available currently to your clients.

We have helped to create US institutional asset class funds with UK reporting status and offshore funds which have been elected to be US tax efficient.

Although we are not tax advisers, we conduct tax analysis on our clients' existing portfolios to assess whether restructuring a portfolio makes economic sense. We consider both the US and UK tax liabilities and foreign exchange movements, the tax status of the funds, as well as holding periods for US tax purposes.

All of our US clients, including trusts, will receive in-depth US and UK tax and activity reports to aid with their tax filing obligations. Most of our clients do not have to file the Report of Foreign Bank Accounts (FBAR) on their portfolios as their assets are custodied in the US.

Benefits to you



Our services help Financial Advisers, allowing them to outsource investment management for US clients where they feel that this may enhance their client relationships.

Retain client relationship and remain the trusted adviser to the client.

Outsource business risk of managing accounts for American clients.

Access MASECO's investment strategies and solutions.

Benefits to your client



US and UK tax efficient investments that may significantly reduce the combined taxes due on their investments.

US 1099 tax reporting.

Eliminate need to report assets on FBAR or other foreign financial asset forms due to US custody.

Low cost, institutional investment philosophy.

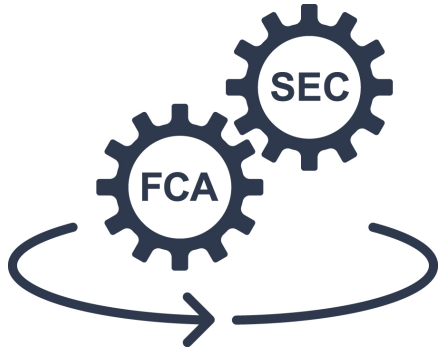
Client ownership

MI does not seek to own the client relationship, which shall remain with you, the Financial Adviser.

Advice

- US and UK tax efficient investments that may significantly reduce the combined taxes due on their investments.
- US 1099 tax reporting.
- Eliminate need to report assets on FBAR or other foreign financial asset forms due to US custody.
- Low cost, institutional investment philosophy.
- You are responsible for determining the suitability of our services for clients and, where this happens, for any advice you may give to the clients when completing our Client Profile form including the section detailing the asset allocation to a MASECO core portfolio.
- The responsibility for advice given on the client's other assets is retained by you.
- MI understands the issues involved in this process and may provide training on how to compliantly refer introductions to MI.

Service details



MI will send the client: investment account structures, asset allocation, and periodic investment outlook reports (our Investment bulletins). The client's Platform Service Provider will provide custody, trading, tax reporting, foreign exchange, online account access, and quarterly client account statements.

- MI will only be responsible for the investment and management of the client's specific assets that have been introduced to us.
- The service is discretionary investment management using risk modelled portfolios aligned with the spectrum of client risk profiles. The portfolios will primarily (if not exclusively) contain US SEC registered 1940 passive mutual funds (NMPI) in an Institutional share class.

Portfolio selection



MI provides the Financial Adviser with strategic portfolio summary sheets giving details of each of the risk-aligned portfolios so that they can match their client's risk profile to the appropriate portfolio. The Financial Adviser provides MI with the instruction to allocate the client's funds to the selected portfolio as part of the MI Client Profile document.

Although we believe that US registered UK Distributer Status or UK Reporting Fund Status Funds are an appropriate solution for many Americans living in the UK, or trustees with US and UK tax issues, it is important to recognise that MASECO is not a tax adviser but a wealth management firm that considers taxes when working with clients.

These investments may not be suitable for all investors and so a careful assessment of a client's personal situation is very important.

In exceptional circumstances, if requested by the Financial Adviser, it may be possible to provide a more tailored discretionary investment management service. This service is only available for relationships of over \$1 million and by specific request from the Financial Adviser.

Our fees

MI fees are charged to the client on a banded sliding scale depending on the market value of the account and are subject to a minimum annual fee of \$3,000. For further details of our fee structure, please refer to MASECO's Terms of Business or the How to Introduce a US Client to MASECO Institutional factsheet.

Your fees

MI does not pay the Financial Adviser an Introducer Fee. Therefore the Financial Adviser may agree a separate fee with the client which is detailed by the client within the Client Profile document. At the client's instruction, MI will collect the fee due to the Financial Adviser and pay it directly into the nominated bank account of the firm signing the MI Introducer Agreement. Any fee specified within the Client Profile will be deemed inclusive of VAT and you will be responsible for reporting to HMRC for any output VAT charged.

Please get in touch:



If you would like to maintain your relationship with your US-connected clients, and would like to partner with MI for us to act as the discretionary investment manager, then please contact us. We will be happy to provide you with our Terms of Business and full supporting information regarding the client take-on process and procedures.

Please contact Cormac Naughten, Head of MASECO Institutional to discuss the MI offering in more detail.

T: 0207 043 0455

E: cormac.naughten@masecopw.com

Please get in touch



MI provides the Financial Adviser with strategic portfolio summary sheets giving details of each of the risk-aligned portfolios so that they can match their client's risk profile to the appropriate portfolio. The Financial Adviser provides MI with the instruction to allocate the client's funds to the selected portfolio as part of the MI Client Profile document.

Although we believe that US registered UK Distributer Status or UK Reporting Fund Status Funds are an appropriate solution for many Americans living in the UK, or trustees with US and UK tax issues, it is important to recognise that MASECO is not a tax adviser but a wealth management firm that considers taxes when working with clients.

These investments may not be suitable for all investors and so a careful assessment of a client's personal situation is very important.

In exceptional circumstances, if requested by the Financial Adviser, it may be possible to provide a more tailored discretionary investment management service. This service is only available for relationships of over \$1 million and by specific request from the Financial Adviser.



MASECO Institutional is not regulated to provide tax advice either in the US or the UK. We strongly recommend that every client seeks their own tax advice prior to acting on any of the strategies described in this document. This document is intended for professional use only and not for client distribution

MASECO LLP (trading as MASECO Private Wealth and MASECO Institutional) is registered in England and Wales as a limited liability partnership (Companies House No. OC337650) and has its registered office at The Kodak Building, 11 Keeley Street, London, WC2B 4BA.

MASECO LLP is authorised and regulated by the Financial Conduct Authority for the conduct of investment business in the UK and is registered with the US Securities and Exchange Commission as a Registered Investment Advisor

Use of information:

- Nothing in this document constitutes investment, tax or any other advice and should not be construed as such. This document is provided for information purposes only and is not intended to be relied upon as a forecast, research or investment advice.
- This document does not constitute a recommendation, offer or solicitation to buy or sell any products or to adopt an investment strategy.

Risk Warnings:

- All investments involve risk and may lose value. The value of your clients' investments can go down as well as up depending on market conditions and your clients may not get back the original amount invested.
- Your clients' capital is always at risk.
- Currency exchange rates may cause the value of an investment and/or a portfolio to go up or down.
- Alternative strategies involve higher risks than traditional investments, such as speculative investment techniques, which can magnify the potential for investment loss or gain.
- Certain products, such as US Mutual Funds, used within a portfolio are not regulated in the UK and therefore clients will not have the benefit of the protections afforded by the UK regulatory regime.
- Information about potential tax benefits is based on our understanding of current tax law and practice and may be subject to change. The levels and bases of, and reliefs from, taxation is subject to change. The tax treatment depends on the individual circumstances of each client and may be subject to change in the future.

Performance:

- Past performance is not a reliable indicator of future results.